



Association of Bay Area Governments

## **ABAG PLAN Corporation**

### **Risk Management Committee Meeting Summary Minutes**

**October 14<sup>th</sup>, 2014  
10:30 – 1:00**

**101 8<sup>th</sup> Street  
Oakland, CA 94607  
Conference Room B**

**&  
Teleconference Locations Below:**

<b>Participant</b>	<b>Member</b>	<b>City</b>	<b>Street Address</b>
Sandy Abe	Newark		37101 Newark Blvd
LeeAnn McPhillips	Gilroy		7351 Rosanna Street

#### **Presiding**

**Mike Taylor**

**Saratoga**

#### **Members Present:**

Julie Carter  
Jenny Liu  
Laci Kolc  
Yulia Carter

Dublin  
San Carlos  
American Canyon  
Los Altos Hills

#### **Staff Present:**

James Hill, PLAN Risk Management Officer  
Kim Chase, PLAN Administrative Assistance  
Gertruda Luermann, Risk Analyst

#### **Others Present:**

Cathie Bigger-Smith

Loss Control Consultant

## **1. Call To Order:**

Meeting was called to order at 10:35 am by Chairman Mike Taylor. A quorum was present.

## **2. Public Comments:**

None

## **3. Approval of Minutes, Meeting of April 9<sup>th</sup>, 2014:**

Minutes were approved as presented; /M/Julie Carter/S/Kolc/C/unanimously approved

## **4. Plan Program Performance Highlights**

Staff (Jim Hill) provided the committee with an update on PLAN claim frequency and severity indicators. Staff report titled ABAG PLAN Performance Highlights was provided to committee.

Staff noted that PLAN frequency (number of claims incurred) for GL/AL decreased 18.5% during FY 2013-14. Total GL/AL claims were 423 vs 519 in the prior FY. Total incurred GL/AL claim values (net cost) were down 68% during FY 2013-14. Total incurred values were \$2,529,460 vs \$7,967,315 for the prior FY. Average incurred claim values dropped to \$5,979 (61%) from the preceding year, a very favorable indicator.

PLAN frequency for Property increased 11.5% during the fiscal year 2013-14. Total number of property claims were 174 vs 156 in the prior FY. Total incurred property claim values were \$412,830 vs \$954,480 prior FY. The average incurred claim was \$2,373 down 61% from prior FY (\$6,118).

PLAN claim frequency for Liability is driven by Public Works (Streets/Sidewalks), Public Safety (Police), Sewer/Water and Tree Claims, respectively. 85% of PLAN GL claims fall into one of these categories. From a Claims cost standpoint, the hierarchal order of claim origin does not change, however Public Works claims account for 40% of the value of all PLAN GL claims while only accounting for 32% of the claim count. Police claims represent 31% of the GL claim costs while only accounting for 24% of the claim count. These two categories are leading in both PLAN frequency and severity statistics. The average incurred claim costs for Police claims are \$108,270 with Public Works falling closely behind at \$106,655.

PLAN loss control consultants are analyzing frequency indicators and working with members to develop their strategic plans to address high frequency areas. Staff emphasized the importance of using the MDR reports to analyze member claim trends and causation. The reports are helpful in developing member Risk Management goals and objectives.

## **5. Risk Management Program Update**

Staff (Gertruda Luermann) provided the committee with an update on PLAN Risk Management Program. Staff report titled Risk Management Program Update – Best Practices Reassessment was provided to the committee. Staff began the discussion by informing the committee beginning this FY, PLAN changed the risk management consultant assignments and now has one general consultant, Cathie Bigger-Smith. Cathie will now work with all members on their strategic risk management planning and implementation. Cathie has been working with PLAN members for a long time now and the feedback has been great. Staff believes that this approach of one primary consultant will be beneficial to the members in that there will be a more consistent approach and more sharing of knowledge among all members. This approach should ensure that most of the consulting time is spent on helping members implement recommendations.

Cathie has started goal setting and implementation of strategic plans with members based on the mandated re-assessment as well as loss drivers. This year members will work with two expert consultants on their aquatic and sewer best practices. Staff noted that 13 members need an aquatic program audit and 7 have been completed to date. The remaining 6 will be completed by the end of the program year. PLAN has also extended the offer to members to have their Overflow Emergency Response Plans updated, and five have signed up out of the 8 that need it.

There is an abundant interest in Urban Forest Management plans and Sidewalk Inspection Maintenance plans. 2/3rds of PLAN members have selected one of these areas as a goal. Staff (Jim Hill) discussed claims frequency and the close relationship between best practices in terms of controlling losses. Cathie stated there is a loss of institutional knowledge, specifically in Public Works, due to the dramatic number of retirements in senior staff. Staff (G. Luermann) discussed “Bounce houses” and the problematic issues with safety. Chairman Mike Taylor thanked Gertruda for her work in this area. LeeAnn McPhillips from Gilroy asked about best practice wording for indemnification and insurance that can give members a starting place to incorporate into their best practices, as well as model documents for facility rentals and recreational activities. Staff (Jim Hill) informed committee PLAN is working with consultants in this area to refine best practices in our contractual risk transfer guidelines.

## **6. Risk Management Grant Program Funding**

Staff (Jim Hill) discussed the Grant Program funding and allocations. Staff report titled Risk Management Program Fund Utilization was provided to the committee. Discussion included a review of PLAN grant fund utilization. Usage charts/graphs were presented to the Committee. The committee was also provided with Grant Payment Summary by Member report which lists grant allocations and usage by each PLAN member.

In FY 13/14 PLAN allocated \$787,219 in total funding for all Risk Management programs, 57% below prior fiscal year. This figure includes specific funding for PLAN Training (\$73K), Defensive Driving (\$20K) and Sewer Loss Prevention (\$25K).

In FY 13/14 PLAN members used \$352,542 (45%) of budget funds to date (Sept 2014). Expenditures ranked as follows; Risk Management Programs (\$181,119), Best Practices Consultation (\$135,109) and Risk Management Training (\$30,881). As of September 2014, 24% of PLAN members (7) used at least 85-100% of their allocated grant funds. It was also noted that 55% of PLAN members (16) used less than 50% of their allocated funding.

Julie Carter and Michael Taylor discussed providing members with low grant utilization rates examples of how other members are utilizing their grant funds. Julie mentioned placing those examples of how to use the funds in the Risk Matters Newsletter. Staff noted PLAN has regularly published a list of eligible grant expenditures and will continue to encourage all members to develop Risk Management plan objectives that take into consideration program grant funding eligibility.

Staff(Jim Hill) informed committee that during FY 14/15, PLAN staff and our Loss Control consultants will work with members updating their strategic plan(s) with a focus on our Best Practices Re-Assessments and associated Risk Management priorities. It was noted that planning is a critical component to the success of the program. PLAN members who develop Risk Management plans focusing on loss reduction priorities generally have high program utilization rates.

Committee members discussed how to address the surplus of unused grant funds due to underutilization by some members. A recommendation was made by Julie Carter to have the surplus grant funds carried over and re-distributed amongst all PLAN members the following fiscal year. A motion to recommend the Grant program allow for the carry forward of unused prior year (one year) allocation with re-allocation among all PLAN members was made by Julie Carter.

**/M/J. Carter/S/Y. Carter/C/Unanimous**

## **7. Risk Management Training Program:**

Staff (Gertruda Luermann) provided the committee with an update on PLAN Risk Management training activity. Staff report titled Risk Management Program Update – Training Program was provided to committee. The report contains a recap of training activity and attendance by member agency. Staff noted that overall attendance is good but varies depending on the venue location with our most successful programs offered in the HQ location (Metro Center). Staff also reminded the committee about the upcoming Sewer Summit.

Julie Carter remarked that she enjoyed the FOCUS training and Mike Taylor agreed it was a good session. Laci stated she has received good feedback and detailed responses from the claims representatives at York and noted she is happy.

## **8. Insurance Program Review:**

Dennis Mulkeeney (Alliant Risk Services) provided the Committee with an update on the program marketing activity and state of the insurance markets. He discussed Earthquake coverage in the market place and noted that EQ coverage was widely purchased by Public Entities historically, but as time went by it became cost prohibitive.

Staff (Jim Hill) provided an update on the South Napa Earthquake and its impact to local cities, including ABAG PLAN member city (American Canyon). Handouts included staff report to the Committee titled EQ Coverage and Napa Earthquake Assessment dated October 14, 2015. Staff discussed the August 24, 2014 earthquake and related impact to Napa, American Canyon (PLAN member) and Vallejo. Staff informed the committee about ABAG team visits to the impacted areas to assess the EQ damage, discuss resiliency and recovery efforts and get insight on how ABAG can support the recovery effort. Discussion included evaluating the impact of the event in each city, including the impact to agency resources and business continuity.

Staff reminded the committee there is no EQ coverage provided by the program, however, there are two important elements of PLAN coverage for property loss which may be triggered from an earthquake event; they are commonly called Earthquake Sprinkler Leakage and ensuing loss by Fire (Fire Following Earthquake).

Staff reminded the group that the Risk Management Committee will continue to be called upon to evaluate available EQ risk transfer or risk sharing options. Alliant will work with all interested PLAN members on developing individual EQ/DIC insurance solutions for their jurisdictions. Alliant will also continue to work with PLAN Risk Manager and the committee to explore optional finite risk solutions to managing PLAN EQ exposure.

Staff invited the American Canyon RM committee representative Laci Kolc to comment on the current situation during the meeting. Laci informed the group that AC did not experience significant property damage, as a lot of their infrastructure is new and has been built with higher EQ standards. AC is insured for EQ on specific building structures and is working with Alliant regarding appraisal of damage at some of their facilities.

## **9. Other Business:**

No other business was discussed.

## **10. Meeting was called to adjourn** at 1:06pm by Mike Taylor

Respectfully Submitted,



Jim Hill,  
Risk Management Officer/PLAN Secretary